

Memphis

4th Quarter 2014

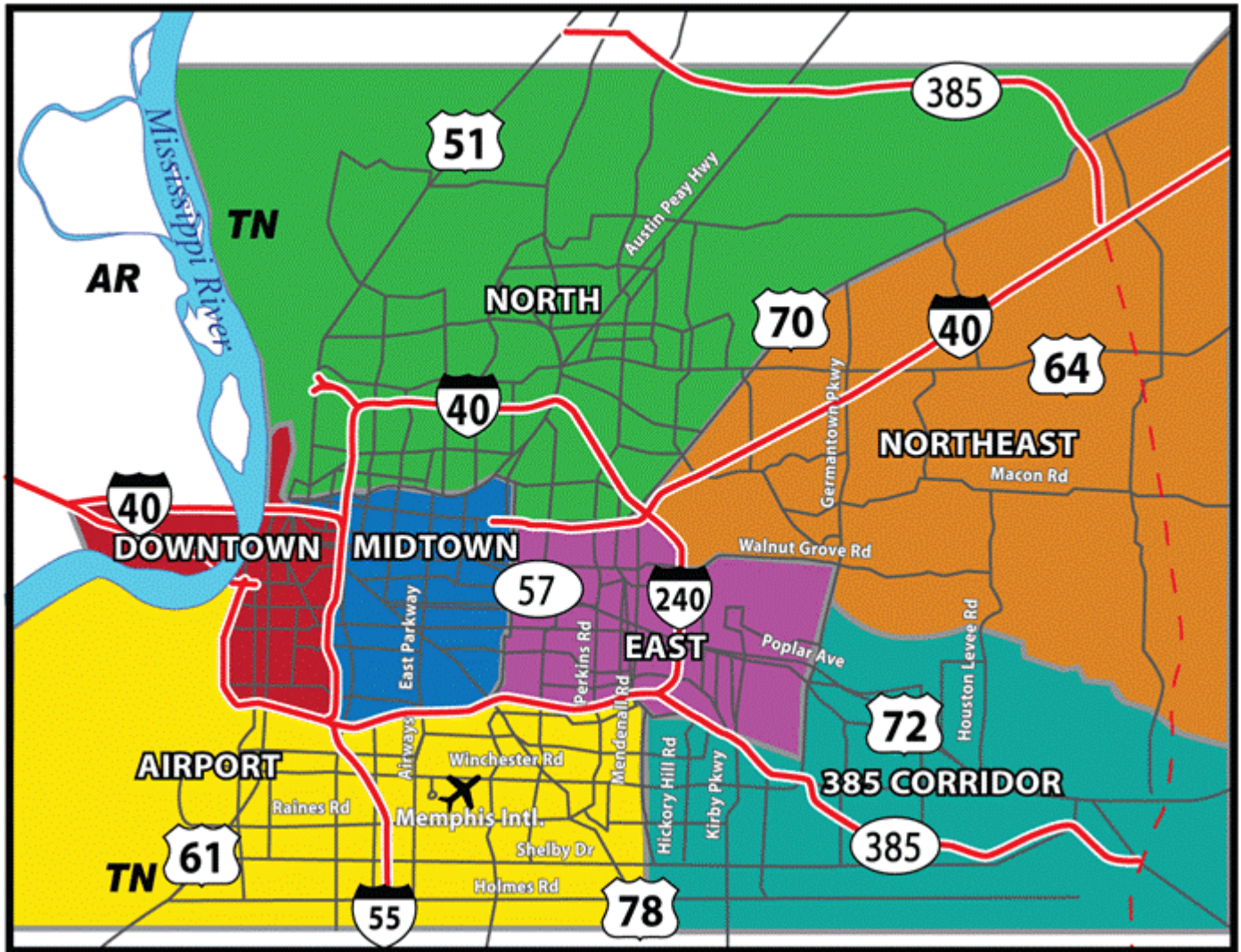
OFFICE
Market Trends



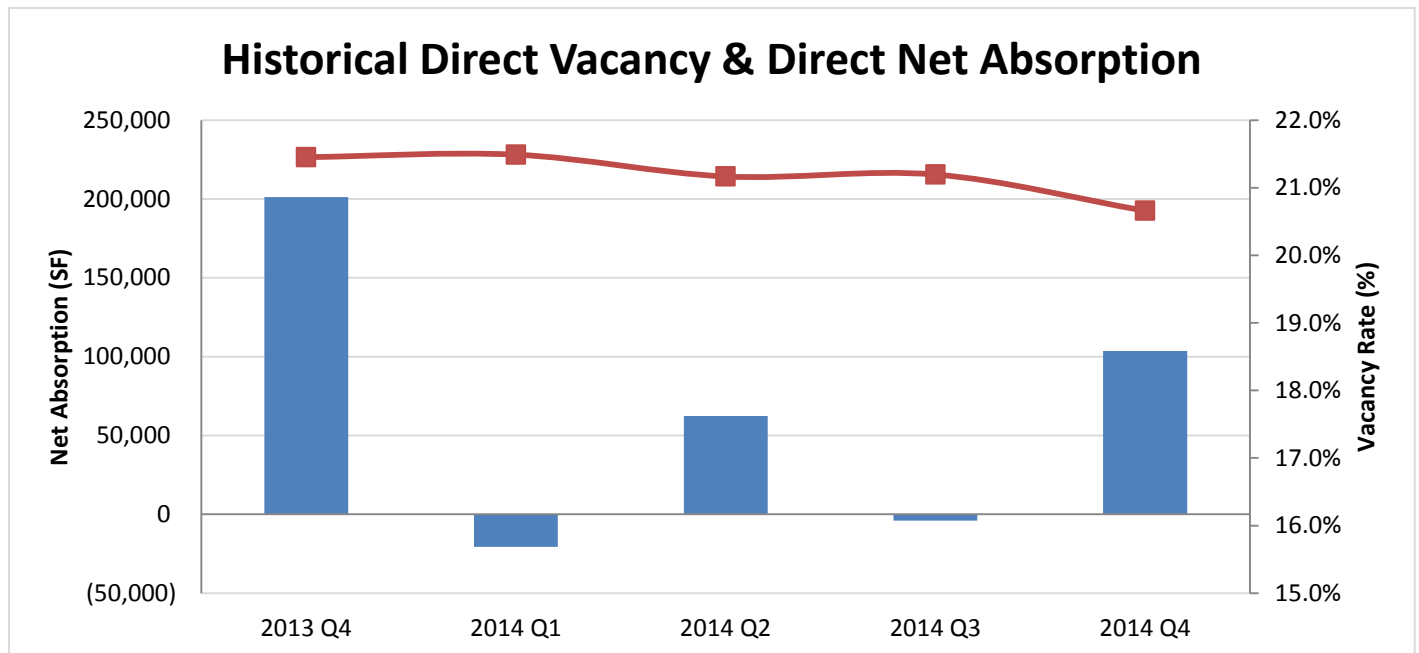
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The Memphis tracked set consists of an inventory of buildings considered to be competitive within the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.

Tracked Inventory (Office)	The total square footage of all single and multi-tenant buildings greater than 10,000sf, excluding owner occupied, medical and government facilities.
Total Available SF	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Direct Vacant SF	The total of the direct vacant square footage in a building that is being marketed.
Net Absorption	The net change in occupied square feet from quarter to quarter, expressed in square feet.
Note	This report reflects Direct Vacancy and Absorption, Sublease space is excluded



- After a relatively stagnant third quarter, the Memphis office market ended the year with over 100,000 square feet absorbed in the quarter and nearly 140,000 square feet for the year.
- Helena Chemical announced plans to lease a full floor at Schilling Farms as the top-floor tenant in Boyle's latest mixed-use development in Collierville. The building will include another 21,000 square feet of office space and roughly 5,000 square feet of ground floor retail.
- This was quite a successful quarter for the Memphis office market, pulling in several leases over 25,000 square feet. The Toyota Center had notable activity with Teach for America signing a new lease and Looney Ricks Kiss expanding, chipping away at downtown sublease space and taking nearly 50,000 square feet combined.
- The East submarket remains the heavy-hitter with over 60,000 square feet of absorption for the quarter, largely due to The West Clinic taking 26,500 square feet on the top floor of Germantown Village Square and Keller Williams moving their headquarters to the old Monogram Foods building on Park.



	# of Bldgs	Inventory (SF)	Total Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Direct Quarterly Net Absorption (SF)	YTD Direct Net Absorption (SF)
A	38	5,290,334	672,842	554,660	10.5%	19,581	19,436	2,894
B	161	11,645,046	3,415,956	2,897,242	24.9%	222,873	72,025	122,100
C	63	2,422,435	582,304	547,309	22.6%	2,005	12,155	14,465
Grand Total	262	19,357,815	4,671,102	3,999,211	20.7%	244,459	103,616	139,459

Overview by Submarket/Building Class



	# of Bldgs	Inventory (SF)	Total Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Direct Quarterly Net Absorption (SF)	YTD Direct Net Absorption (SF)
385 Corridor	35	3,151,462	522,157	453,751	14.4%	10,170	22,821	(38,350)
A	21	2,567,084	359,482	337,804	13.2%	0	11,933	(48,034)
B	6	350,797	99,842	53,114	15.1%	10,170	3,109	5,053
C	8	233,581	62,833	62,833	26.9%	0	7,779	4,631
Airport	36	1,651,384	1,084,164	1,028,777	62.3%	2,005	2,400	990
B	26	1,246,184	971,030	917,648	73.6%	0	0	(2,280)
C	10	405,200	113,134	111,129	27.4%	2,005	2,400	3,270
Downtown	23	3,049,175	869,439	733,403	24.1%	41,488	(1,347)	14,244
A	4	730,663	174,950	124,047	17.0%	12,557	(5,162)	(1,666)
B	11	1,846,964	511,643	444,828	24.1%	28,931	3,815	13,654
C	8	471,548	182,846	164,528	34.9%	0	0	2,256
East	103	7,966,504	1,413,025	1,106,752	13.9%	139,413	63,035	189,773
A	13	1,992,587	138,410	92,809	4.7%	7,024	12,665	52,594
B	76	5,590,812	1,212,703	956,017	17.1%	132,389	49,403	139,470
C	14	383,105	61,912	57,926	15.1%	0	967	(2,291)
Midtown	24	1,530,423	264,132	233,305	15.2%	21,007	8,409	1,942
B	11	865,157	193,059	162,468	18.8%	21,007	7,400	(1,697)
C	13	665,266	71,073	70,837	10.6%	0	1,009	3,639
North	14	342,771	95,493	68,956	20.1%	0	0	2,960
B	5	116,940	26,087	10,000	8.6%	0	0	0
C	9	225,831	69,406	58,956	26.1%	0	0	2,960
Northeast	27	1,666,096	422,692	374,267	22.5%	30,376	8,298	(32,100)
B	26	1,628,192	401,592	353,167	21.7%	30,376	8,298	(32,100)
C	1	37,904	21,100	21,100	55.7%	0	0	0
Grand Total	262	19,357,815	4,671,102	3,999,211	20.7%	244,459	103,616	139,459

Historical Vacancy and Rental Rates



	Direct Vacancy Rate %					Asking Direct Lease Rate (FSG)				
	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4
385 Corridor	13.2%	13.4%	13.1%	15.1%	14.4%	\$19.29	\$19.29	\$19.27	\$19.47	\$19.28
A	11.3%	11.6%	11.2%	13.6%	13.2%	\$19.77	\$19.77	\$19.71	\$19.85	\$19.65
B	16.6%	16.8%	17.0%	16.0%	15.1%	\$19.00	\$19.00	\$19.00	\$19.50	\$19.50
C	28.9%	28.2%	28.1%	30.2%	26.9%	\$14.50	\$14.50	\$14.50	\$14.50	\$14.50
Airport	63.2%	62.4%	62.3%	62.4%	62.3%	\$13.22	\$13.22	\$13.22	\$13.22	\$13.07
B	73.5%	73.4%	73.4%	73.6%	73.6%	\$14.28	\$14.28	\$14.28	\$14.28	\$14.28
C	31.6%	28.5%	28.0%	28.0%	27.4%	\$10.56	\$10.56	\$10.56	\$10.56	\$10.65
Downtown	24.5%	24.3%	23.9%	24.0%	24.1%	\$14.79	\$14.38	\$15.13	\$14.69	\$14.68
A	16.7%	16.6%	16.6%	16.3%	17.0%	\$17.33	\$17.17	\$17.75	\$17.75	\$17.00
B	24.8%	24.0%	24.0%	24.3%	24.1%	\$15.50	\$15.17	\$15.96	\$15.00	\$15.55
C	35.4%	37.5%	34.9%	34.9%	34.9%	\$11.63	\$10.00	\$10.00	\$10.00	\$9.00
East	16.3%	16.4%	16.0%	14.7%	13.9%	\$19.92	\$19.91	\$20.08	\$20.16	\$20.38
A	7.3%	7.5%	6.3%	5.3%	4.7%	\$24.72	\$24.86	\$24.86	\$24.88	\$25.11
B	19.6%	19.7%	19.3%	18.0%	17.1%	\$19.13	\$19.09	\$19.29	\$19.51	\$19.66
C	14.5%	16.0%	16.4%	15.4%	15.1%	\$16.00	\$16.00	\$16.00	\$16.00	\$16.00
Midtown	15.4%	16.5%	15.8%	15.8%	15.2%	\$14.52	\$14.52	\$14.89	\$14.05	\$13.71
B	18.6%	20.2%	19.6%	19.6%	18.8%	\$15.11	\$15.11	\$16.18	\$14.58	\$14.16
C	11.2%	11.8%	10.8%	10.8%	10.6%	\$13.35	\$13.35	\$13.35	\$13.00	\$13.00
North	21.0%	20.1%	20.1%	20.1%	20.1%	\$12.38	\$11.90	\$11.90	\$11.88	\$11.88
B	8.6%	8.6%	8.6%	8.6%	8.6%	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00
C	27.4%	26.1%	26.1%	26.1%	26.1%	\$11.83	\$11.38	\$11.38	\$11.17	\$11.17
Northeast	20.5%	20.0%	20.8%	23.0%	22.5%	\$18.07	\$18.07	\$17.91	\$17.99	\$17.95
B	19.7%	19.1%	20.0%	22.2%	21.7%	\$18.07	\$18.07	\$17.91	\$17.99	\$17.95
C	55.7%	55.7%	55.7%	55.7%	55.7%	NA	NA	NA	NA	NA
Grand Total	21.5%	21.5%	21.2%	21.2%	20.7%	\$17.54	\$17.48	\$17.71	\$17.61	\$17.65

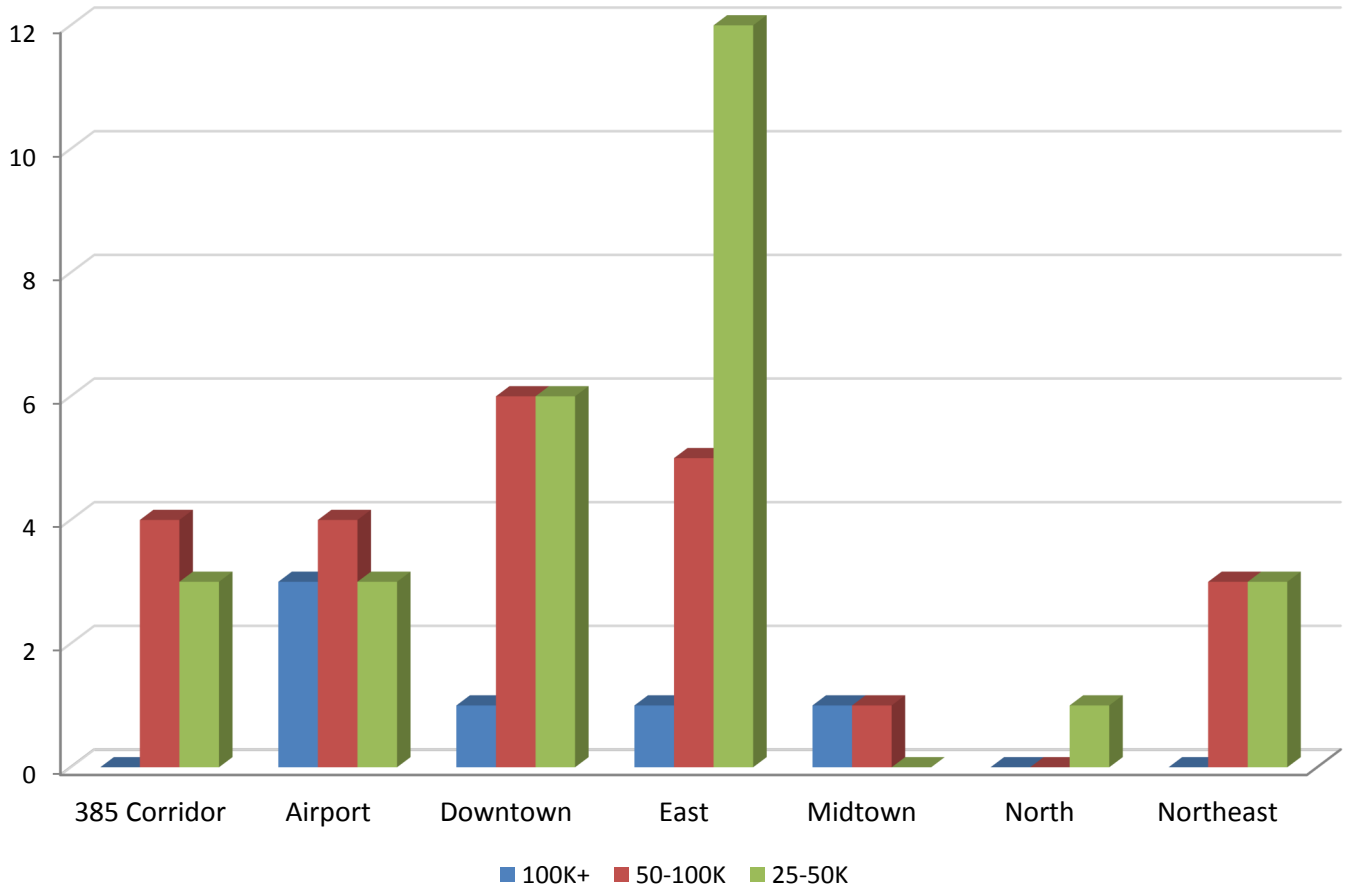


Biggest Absorption Changes



Property Name	SF Occupied or Vacated	Company Name	Market	Building Class
Germantown Village Square	26,500	The West Clinic	East	B
Lenox Park Building D	25,322	Trinity Meyer Utility	385 Corridor	A
Park Avenue Office	15,862	Keller Williams	East	B
Lynnfield Office Park Bldg A	7,569	Maxim Healthcare Services	East	B
Poplar Towers	-5,193	Maxim Healthcare Services	East	B
Trustmark Centre	-5,308	Odyssey Hospice	East	B
Lynnfield Office Park Bldg B	-6,276	Stanley Convergent Security Solutions	East	B
Kirby Gate Business Campus	-9,735	Reggie White Cardio-Pulmonary	East	B

Largest Blocks of Available Space



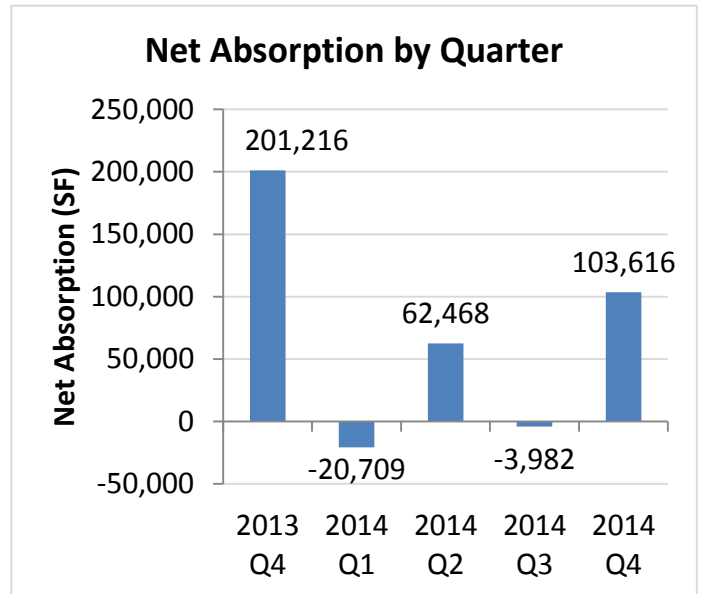
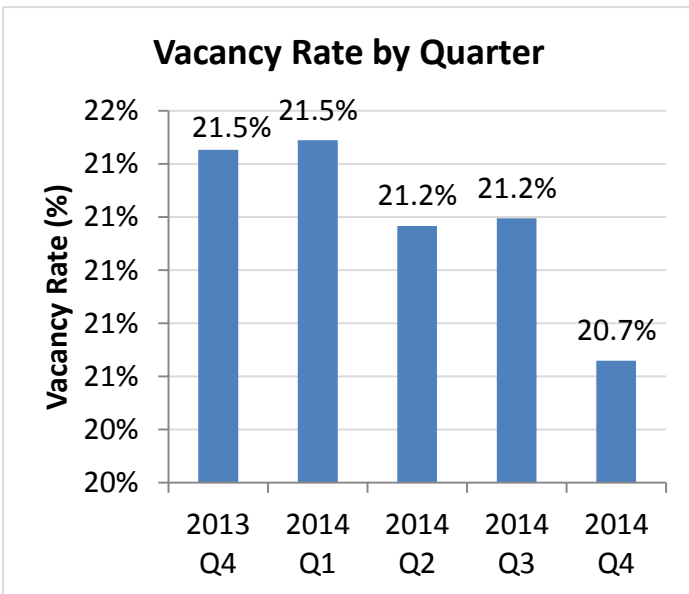
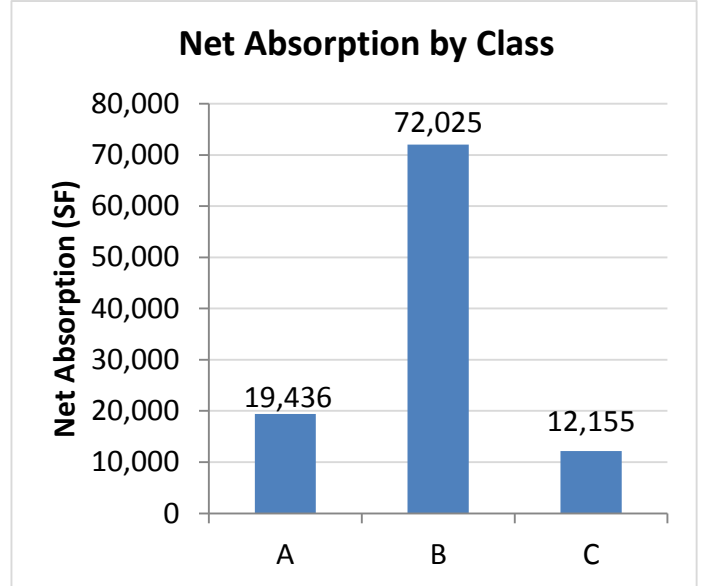
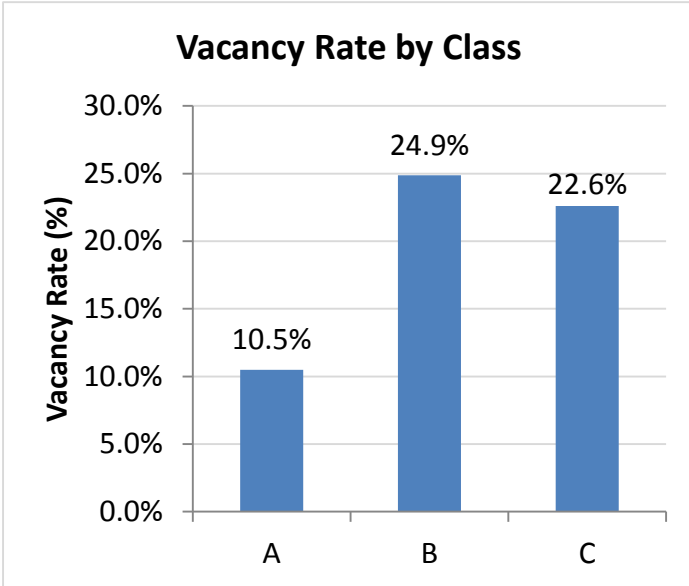
Historical Blocks of Space

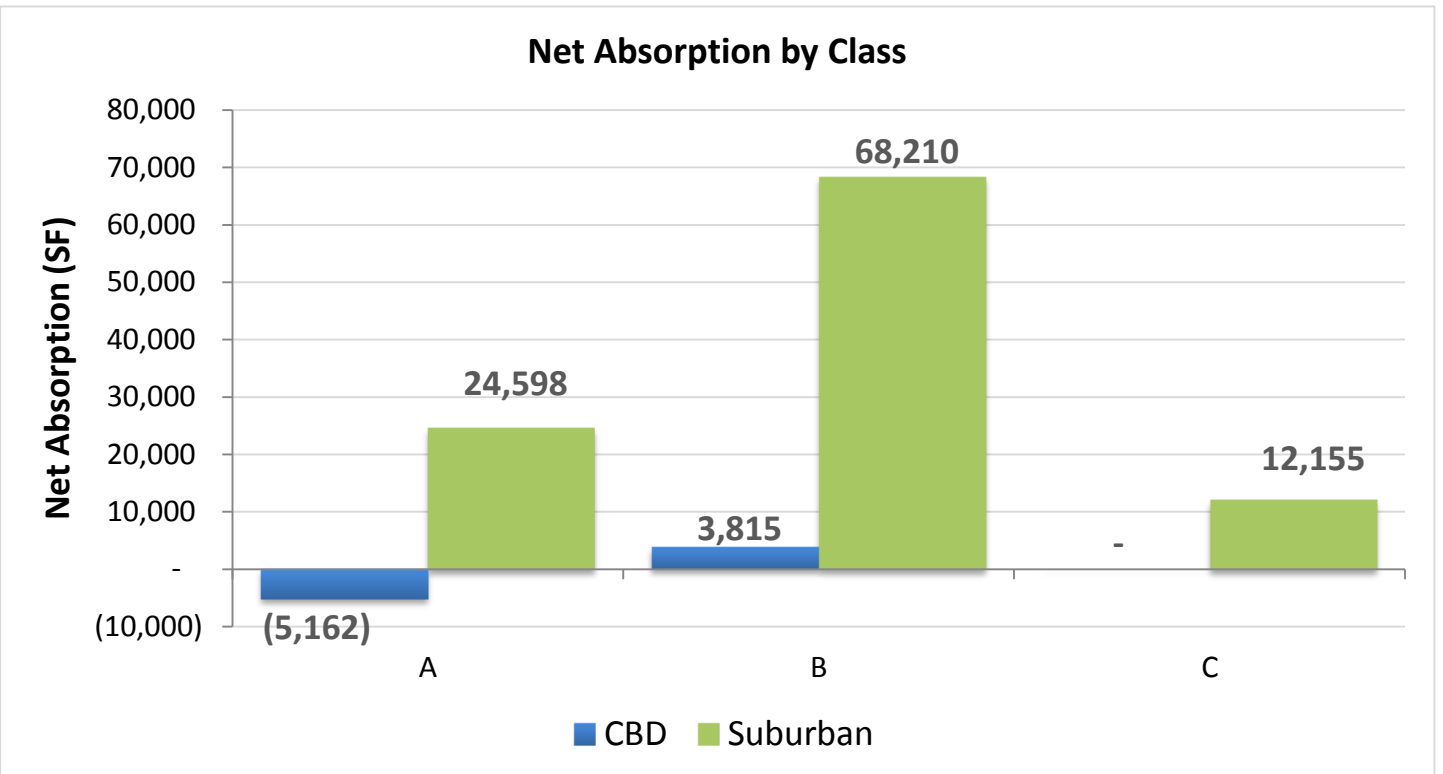
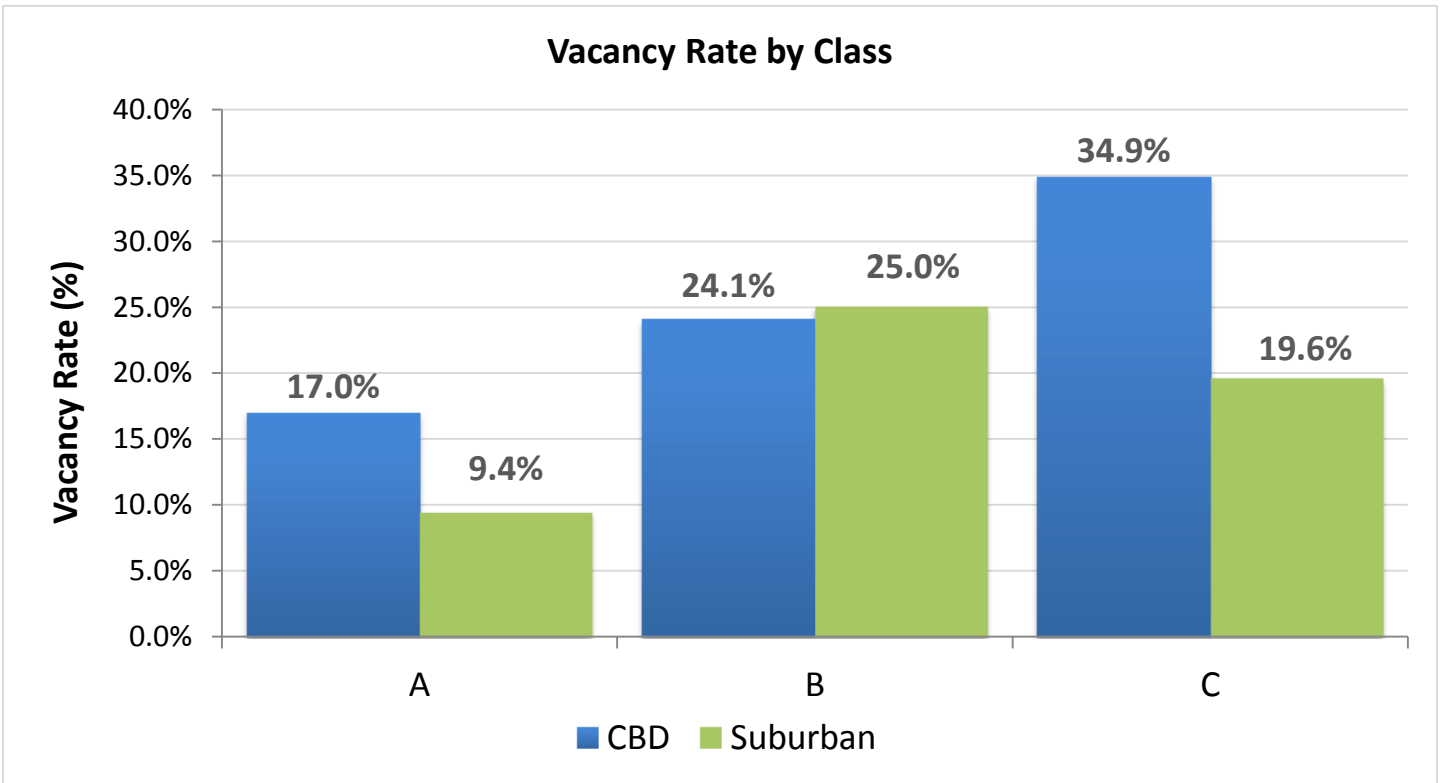
Quarter	100K+	50-100K	25-50K
2013 Q4	5	19	30
2014 Q1	6	18	35
2014 Q2	6	20	30
2014 Q3	7	21	29
2014 Q4	6	23	28

Notable Transactions



Property Name	SF Leased or Sale Price	Company Name	Market	Building Class	Lease/Sale
825 Ridge Lake Blvd	\$9,400,000	American Realty Capital Healthcare Trust II	East	B	Sale
855 Ridge Lake Blvd	\$6,300,000	Faropoint Investments	East	B	Sale
Toyota Center	35,168	Looney Ricks Kiss	Downtown	A	Lease
Germantown Village Square	26,500	The West Clinic	East	B	Lease
Lenox Park Building D	25,322	Trinity Meyer Utility	385 Corridor	A	Lease
Park Avenue Office	15,862	Keller Williams	East	B	Lease
Toyota Center	12,529	Teach for America	Downtown	A	Lease
Renaissance Center	8,147	Ford & Harrison LLP	East	A	Lease





This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy. **For more information, please contact :**

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